

# 2017 Industrial Revitalization Fund

## Application Instruction Manual



**VIRGINIA DEPARTMENT OF HOUSING  
AND COMMUNITY DEVELOPMENT**  
*Partners for Better Communities*

**Virginia Department of Housing and Community Development**

600 East Main Street, Suite 300  
Richmond, Virginia 23219  
(804) 371-7030

## INTRODUCTION

The General Assembly has allocated \$2 million for Fiscal Year 2017 (FY '17) to be used for the strategic redevelopment of vacant and deteriorated industrial properties across the Commonwealth. For the purposes of this program, the term “industrial” will be considered to mean any non-residential structure significant to the community due to size, location, and/or economic importance. Remnants of past economic vibrancy and local economies in transition, these structures are no longer suited for their former purpose, and in their current deteriorated condition, stand as a substantial deterrent for future economic opportunity in the surrounding area and region.

Financial barriers typically block the timely redevelopment of these structures and often they require more than local resources to attract private sector investment in order to make a deal cash flow. This is especially true in distressed areas. Therefore, the \$2 million allocation is meant to leverage local and private resources to achieve market-driven redevelopment of these structures, creating a catalyst for long-term employment opportunities and on-going physical and economic revitalization. Eligible properties and structures must be vacant and deteriorated and may be redeveloped for any market-driven purpose including mixed-use, regardless of the original use. For purposes of IRF, market-driven purpose is defined as guided by market trends and consumer needs based on market research where there is an actual need to be fulfilled or a market problem to solve.

### Availability of Funds

The \$2 million available in FY 2017 is a one-time allocation to replenish the Virginia Derelict Structures Fund (DSF) established under 36-152 of the Code of Virginia. The Virginia Department of Housing & Community Development administers these funds under the Industrial Revitalization Fund (IRF) Program.

### Award Amounts

The maximum IRF award is to \$600,000 per project. A project may apply for less; however, IRF awards may not be used as a substitute for other funds the applicant has already committed to a project. IRF awards require at least a 1:1 match.

## ELIGIBILITY

### Eligible Applicants

Only local governments (cities, counties, or towns) and regional or local economic or industrial development authorities may submit applications for funding. A unit of local government may apply directly for funding to use on publicly owned property **OR** on behalf of a for-profit or non-profit entity for privately owned property. Localities may designate a redevelopment authority or another similar organization as an agent for project implementation and administration.

### Award Funding Structures

DHCD **will issue** an IRF GRANT under the following conditions:

- The property is publicly owned;
- The privately owned property has an option agreement/contract in place for purchase by local government at the time of the application; or



- The private property is owned by a not-for-profit, tax-exempt entity.
- In cases where the local government intends to lease the property to a private, for-profit entity a market rate lease is required; **upon resale of property to private, for-profit entity, DHCD will require repayment of prorated grant amount.**

DHCD **will issue** an IRF LOAN under the following conditions:

- The property is owned by a private, for-profit entity **and** the end-use will be owned by a private for-profit business.
- Financing to complete the entire project as specified in the IRF application has been secured as evidenced by formal letters of interest, term sheets, or commitment letters.
- IRF loans are underwritten by Virginia Community Capital (VCC). The following standard terms and conditions will apply to all projects unless VCC and DHCD determine that a regionally significant project requires more favorable terms.
  - Interest Rate: 2.5%
  - Amortization: 10 Years
  - Commitment Fee: 1% *(50% due within 14 days of execution of IRF loan performance agreement and remainder due at IRF closing.)*
  - Environmental review
  - DHCD will require an executed performance agreement with the developer; and
- Projects must be ready to close on the IRF loan within three to six months of DHCD's project award notification.
  - Projects may close simultaneously with the first trust lender for primary financing or after; however, IRF loans **will not close before** all other sources of primary financing are closed or commitment letters with a closing date have been issued.
  - Failure to close within six months may result in the IRF funds being reprogrammed to another project. The applicant will be given the opportunity to apply again once the project is more prepared for IRF loan closing. DHCD has the discretion to offer an extension beyond six months but only under certain circumstances for delays that are not under the developer's control.

**All projects** regardless of award structure will be required to have a deed covenant/restriction or a lien for a period of 10-years that requires DHCD approval prior to any sale or change in end-use for the property. In the case of a sale to private sector entity and/or a change of use during the 10-year period, DHCD may require a pro-rated repayment of the IRF funds based on the number of years of the deed restriction remaining.

## Match

To demonstrate project viability and the applicant's commitment, applicants are required to provide a 100 percent (1:1) local match from private or public sources. The match must either be cash or documented costs that are directly associated with the improvements to the property where IRF funds are expended. Local match may also include federal (CDBG or other), local, and private funds spent on activities directly related to the targeted project on or after July 1, 2015.

A locality may use as local match an additional five (5) percent out-of-pocket administrative costs. The use of the additional five percent of administrative costs as local match must be outlined in the application. The locality must provide a description of specific in-kind resources committed, including methods used to determine their value.

**Example:** An applicant that is seeking a \$300,000 IRF grant must provide a match of at least \$300,000. Local match greater than 100 percent will increase the application's score.

IRF funds may not be used as a substitute for other funds the applicant or end-user has already committed to a project. If the project proposes a for-profit, private end-use, DHCD considers an equity investment by that entity into the IRF project as an indication of long-term commitment to the project.

#### Eligible Match:

- Acquisition costs - include current property appraisal as documentation of value or documentation of purchase price (HUD-1 Settlement statement, bill of sale or deed), whichever is less.
- Documented costs **directly** associated with **physical activities** on the IRF project site
- Construction-related soft costs related to engineering, design or architectural activities (must be specifically identified in the application)
- Public notices, permit or dumping fees and inspections costs (or waivers of such) directly related to physical activities (must be specifically identified in the application)
- No more than five (5) percent of local match will be accepted as in-kind or cash for out-of-pocket administrative costs

#### Ineligible Match:

- State or local taxes
- Site remediation
- Interest or principal payments on current debt on the property

#### Eligible Use of Funds

The IRF program is flexibly designed so that funds can be used for a wide variety of revitalization and redevelopment activities such as **acquisition, rehabilitation, or repair** (including securing and stabilizing for subsequent reuse) of specific structures, as well as **demolition, removal**, and other **physical activities**.

In the case of acquisition, DHCD will limit its financial participation to the property's fair market value and the associated legal costs of acquisition. IRF funds may also be used for the legal costs associated with demolition. However, funds may not be used **solely** for acquisition or demolition unless it can be demonstrated that the locality has committed other redevelopment funds to the property, and there is a market-based redevelopment plan outlining reuse options, target markets/niches, and a property marketing strategy including the entity responsible for implementation. In addition, action must be taken by the locality to improve the property's readiness for redevelopment. Generally, demolition should be used only in circumstances where the size or location of a building precludes any significant redevelopment potential or in cases where there is an imminent safety threat.

Site remediation is **not** an eligible activity for IRF. Virginia's Department of Environmental Quality offers several programs to assist with remediation and environmental assessment including the Voluntary Remediation & Brownfields/Land Renewal Programs. Visit <http://www.deq.virginia.gov> for more information. Grant administration is **not** an eligible activity for IRF.

It is **not the intent** of the IRF Program to fund the relocation or move existing businesses into a redeveloped structure with no additional job creation or additional economic benefit. If this type of project is proposed, the applicant must demonstrate that it is clearly part of the community or region's economic development strategy and how business relocation has a quantifiable impact on that strategy.



It is **not the intent** of the IRF Program to fund any economic development project in which a business relocates or expands its operations in one Virginia locality and simultaneously closes its operations or substantially reduces the number of its employees in one or more other Virginia localities.

## Eligible Properties

The program is targeted toward (functionally) **vacant and deteriorated** properties whose poor condition creates a notion of physical and economic blight in the surrounding area, and often is a deterrent to surrounding development. Projects may consist of multiple properties provided they are adjacent and/or adjoining and are related in either their negative impact (e.g., three adjacent severely deteriorated downtown buildings that create a negative impact on the remainder of the block) or end use (e.g., rehabilitation of an abandoned warehouse into a shell building with purchase of adjacent property for parking.)

Eligible properties and structures may be redeveloped for any market-driven purpose including mixed-use, regardless of the original use. For purposes of IRF, mixed use is defined as “a building incorporating residential uses in which a minimum of 30 percent of the useable floor space will be devoted to commercial, office, or industrial use or in which 30 percent of the projected project revenue is derived from the commercial space.”

Former Use:	
Eligible	Ineligible
<ul style="list-style-type: none"> <li>• Manufacturing</li> <li>• Warehousing</li> <li>• Mining</li> <li>• Transportation</li> <li>• Power production</li> <li>• Department stores</li> <li>• Theaters</li> <li>• Hotels</li> <li>• Shopping centers</li> </ul>	<ul style="list-style-type: none"> <li>• Solely residential</li> <li>• Scattered site projects</li> </ul>

## FUND ACCESS

In the case of **GRANTS**, a contract between DHCD and the grantee outlining end products, conditions, fund disbursement and termination must be executed **before any funds are disbursed**. Funds may only be used for **expenses incurred after the signing of the contract**. IRF grant funds are available on a **reimbursement basis only**. Funds may be drawn down to **reimburse costs** the applicant has incurred and paid for.

In the case of **LOANS**, IRF funding will be released through VCC to the private developer pro-rata with other funders or once other sources are expended. This will be determined in discussion with developers upon DHCD’s award notification.

## Funding Priorities

The ultimate intent of the IRF program is to fund **shovel-ready** projects that will act as a catalyst to spark additional private investment and job creation in distressed areas that have been targeted for economic development and community revitalization as part of a larger economic restructuring or economic development strategy. Based on that intent, DHCD has established the following funding priorities:



### 1. Clear relationship to a local or regional economic development strategy

Applicants must identify the economic development strategy that the proposed project will support. This strategy should be an element of an existing redevelopment, blight removal, or economic development plan. Applicants must explain what is currently being done in the area and how the IRF funds will supplement and expand this ongoing economic development and restructuring process. In other words, how does this IRF project enhance the economic restructuring and development activities of the community and region? Additionally, the locality should identify why, at this time, the proposed project is being prioritized for IRF funds over other projects in the locality. Applicants should cite specific economic development documents and/or comprehensive plans that have been developed that support the goals of project.

### 2. High degree of blight and deterioration to be addressed.

Applicants must describe the extent of the deterioration and identify the negative impact the property is having in the community. DHCD is seeking to invest in properties that will address their negative impact on the community's ability to attract private investment and job creation to areas beyond the specific location of the property. Applicants must demonstrate that addressing the property is a local priority, and projects that seek to repurpose the property will be given more consideration over projects that focus on demolition/site clearance. Higher priority will be given to projects involving blight abatement and elimination, than those proposing blight prevention.

### 3. Project readiness.

DHCD will give higher priority to shovel-ready projects that will lead to the efficient and **immediate** redevelopment/re-use of blighted properties. In the case of private developers, projects that can demonstrate "readiness to proceed" will be given the greatest consideration. Readiness to proceed is demonstrated by having finalized plans and **primary financing** in place (formal letters of interest, term sheets or letters of commitment) for an identified **end-use/user**. Projects that can show the ability to close on the IRF loan or under contract with DHCD within six months of an IRF award notification will be the most competitive for funding. Capacity for project implementation by the locality or developer will also be a consideration in project readiness. See the list of items that should be provided, if available, to show project readiness (Page 12).

DHCD reserves the right to withdraw funding should the applicant not be under contract/close the IRF loan in a reasonable amount of time (typically six months). DHCD also reserves the right to withdraw funding if there are substantial or significant changes to the development team, scope of work or community economic benefit.

### 4. Project with a clear end use.

Successful applicants will be able identify a tangible end-use to be completed in a reasonable amount of time, typically an 18 month timeframe. In order to demonstrate clear end use, projects that include end-use commitment documentation such as executed development agreements, commitment letters from non-profit partners, operations/management agreements, leases for space or detailed operations plans will be given higher consideration. Projects that have a speculative or undetermined end use will be considered a lower priority. If the application proposes a non-profit end use, the applicant or end user must demonstrate long-term sustainability by providing a 10 year operating pro forma and other documentation of financial solvency.

### 5. End use will have a clear and significant economic impact.

Applicants must describe how the project will have a clear positive economic impact on the area. Applicants must demonstrate how the completion of the IRF project will be a catalyst to larger economic revitalization efforts in the locality and region and spark additional investment in the area. A project should include

quantified expectations for primary impact (for example, number of net new jobs or new businesses created because of the project) and any secondary impact (such as increased local sales tax revenue, leveraged private investment, increased export or non-export (tourism) revenues, or increased daily or overnight visitors.) Projects that show significant economic impact will be given higher priority; whereas projects with a public sector end-use will be lower priority. For purposes of IRF, full-time equivalent job is defined as employment of at minimum 35 hours per week. In your primary economic impact projections, do not include existing employees or unpaid volunteer positions.

#### 6. High Economic Distress in project locality.

Extra consideration will be given to projects located in communities that are experiencing higher degrees of distress. However, it is not intended to compensate for poorly conceived projects that do not score well on the other funding priorities. Distress will be based on three measures below, using data from the U.S. Census Bureau and the Virginia Employment Commission. Scoring will be weighted based on the number of distress measures the locality is experiencing.

- a. **Poverty rate** of at least 150 percent of the state average (16.95%);
- b. **Median household income** of 70 percent of the state average (\$43,922); and
- c. **Unemployment rate** of at least 150 percent of the state average (7.8%)

See Appendix A for pre-calculated scores for all cities and counties. Towns may use the distress score of the county, or they may calculate their own based on the town's Census tracts, whichever method provides the higher distress score. Guidance on where to find the necessary data is provided on page 16.

### Other Considerations

DHCD encourages localities to apply for projects that will have a strong significance to the broader community and region, in areas of ongoing or identified redevelopment/revitalization. Applicants will receive **bonus points** for projects that meet the following characteristics:

- Part of a significant **regional focus**. This includes projects located in an area covered by a revenue sharing agreement or projects cited in a formal regional economic development plan.
- Eligibility for local real property tax abatements (§58.1-3221) or other **local incentives** to encourage investment.
- Location in an **Enterprise Zone** and ability to qualify for the state and local incentives. **IRF loans** may be included in the Enterprise Zone Real Property Investment Grant schedule of Qualified Real Property investments, while **IRF grants** must be excluded.
- Location in a designated **Virginia Main Street** community, a local, state or federal **historic district**, a **redevelopment or blight removal district**, a **Technology Zone**; or other similar district.
- Location in a current **CDBG project area**.
- Committed project leverage exceeds 1:1 match.

### Prioritization

A locality may only submit one application per funding round; therefore localities must identify and authorize the project that will have the most meaningful impact on local community revitalization and economic development efforts. As such, a resolution from the local governing body authorizing the request for funding is an application requirement. If the locality is applying on behalf of a non-profit or private for-profit, the resolution should indicate the specific match amount and identify the entity that will be responsible for providing the matching funds.





## SUBMISSION REQUIREMENTS

Applications for IRF funding must be submitted through DHCD's Centralized Application Management System (CAMS). You can access CAMS using the following link: <https://dmz1.dhcd.virginia.gov/camsportal/Login.aspx>

In order to access CAMS and complete an application for funding, a locality must establish a CAMS profile. A profile request can be made by going to the CAMS site and selecting the **"Registration"** option. In order to register your organization, you will need your organizations DUNS number and FEIN number. Please allow up to five business days for DHCD to process and approve your registration request.

Once your organization has been registered, you may log in with your username and password and select the **"Applications and Programs"** option. From this page, select the **"Apply"** option and select **"Industrial Revitalization Fund"** from the dropdown menu. A description of the program will appear. Click the **"Apply"** button next to the pencil icon to begin an application.

As you complete the application, be sure to save each page. You have the option to close out of CAMS and return to the application at any time until the application is submitted or the deadline has passed.

If you need assistance with the registration or completion of the application in CAMS, please send an email request to the CAMS help team through the **"contact us"** link at the bottom of every page in CAMS. Someone will contact you as soon as possible to provide needed assistance.

## APPLICATION INSTRUCTIONS

All 2017 applications for IRF funding must be submitted through CAMS. Complete each tab as indicated below:

### Project Budget and Budget Narrative

Complete the **Project Budget** and discuss the funding for the proposed project in the budget narrative section. Identify ALL activities that need to be undertaken in order to return the property to a viable economic use. In the case of activities whose costs will be paid for by funds other than IRF, use the **"Other"** category. In the narrative, please list the specific source of non-IRF funds. You will be able to discuss these activities and other sources of funding in more detail and attach funding documentation later in the application.

### Project Overview

Think of question 1 as the executive summary of the project.

1. Discuss the overall project, intended end-use and the specific activities to be undertaken. Indicate if the IRF project is the project in its entirety or a phase of a larger project.

### The following question relates to Funding Priority 1:

2. Discuss any local and regional economic development strategies or plans and explain how the project ties in with identified goals/outcomes. Cite and include relevant sections of economic development plans or studies.





**The following questions relate to Funding Priority 2:**

3. Discuss the rationale for the selection of the targeted property versus other vacant and deteriorated properties in the locality. Why is this project the highest community priority?
4. Discuss how this property was determined to be blighted and describe the derelict elements of the building. Discuss how the negative impact of the property in its current condition has had on other investment and job creation in the surrounding blocks/area. Include in the attachments photographs of the property to demonstrate the derelict condition of the exterior and interior.
5. List any public or private investment/initiatives that have taken place or will take place in the vicinity of the project that will help support the project's success during the following timeframes:
  - a. Within the past two years (Will these investments be used as match?)
  - b. Currently underway
  - c. Within next two years

**The following questions relate to Funding Priority 3:**

6. Discuss the project status. What activities have been completed to prepare for redevelopment of the property (please list)? What activities are outstanding that must be completed in order to begin construction on the project (please list)? Please note that priority will be given to projects that can show the greatest readiness to proceed. Include in your discussion:
  - a. What is the status of primary financing? When and how will it be secured?
  - b. If needed, what is the process and timeframe for the property to be rezoned for the intended use?
  - c. Is the project design finalized? What steps remain?
  - d. If New Market Tax Credits or Historic Tax Credits will be used, what is the status of securing them? If a bridge loan is necessary what is its status? Projects should determine which activities the IRF funds will be used for in a Tax Credit deal.
  - e. Potential obstacles to completion?
7. Provide a month-by-month timeline of the specific activities that need to occur to get from application submission to closing on the IRF loan or grant to construction to project occupancy. DHCD expects projects to be able to begin construction 6 months after IRF award announcements.
8. Identify the current property owner. Will the current owner develop the property or will acquisition be necessary? If acquisition is necessary, what is the status of this process?
9. If a developer has not been identified, discuss the process and timeline for securing one. What assurances can be provided to demonstrate that a developer can be secured in a timely manner? When do you expect this to happen?
10. If a developer has been identified, discuss the developer's capacity. If the local government will act as the developer include similar information. Provide examples of previous projects. Discuss the capability of the developer (or local government) to secure primary financing, market, lease, and manage the property.

11. List the source, amount, and status of all matching funds in the project. Include as an attachment documentation of all secured matching funds.
12. Describe why this funding is absolutely necessary to complete the project. How does IRF funding help close the funding gap to successfully complete the project?

**The following questions relate to Funding Priority 4.**

13. Discuss the end-use of the property, including evidence of its economic viability. Cite and include relevant sections of market research, pro-forma, or other economic viability research. Please include a copy of the end-use business plan, if available. Will this be used to secure primary or other financing? Will it need adjustments to ensure it is suitable to a lenders needs?
14. Discuss how end-users will be recruited and discuss/document interest or commitments to-date from possible end-users.
15. Provide the anticipated operating budget once project is stabilized. What are the sources of revenue that will support the operation of this facility? Discuss how the facility will be managed upon completion.

**The following questions relate to Funding Priority 5.**

16. Please indicate the direct impact (number of net new full-time and part-time jobs -- associated with the end-use --not construction, number of new businesses) that will be created as a result of this project. Describe the methodology used to calculate these measures.
17. Please describe any secondary impact (such as increased local sales tax revenue, leveraged private investment, increased export or non-export (tourism) revenues, or increased daily or overnight visitors) that this project may have. Describe the methodology used to calculate these measures.

**The following question relates to Funding Priority 6.**

18. Based on Appendix A of the Application Instruction Manual, please list your locality's distress score. If you are a Town that wishes to calculate a distress score that is different than the County your Town is located in, please show your calculations here, based on the criteria on page 16.

**Other Considerations:**

19. Is this project (A) in a revenue sharing district and/or (B) cited in a formal regional economic development plan or as part of a formal regional development strategy?
  - If (A) show the district on an attached map and provide the section of the revenue sharing agreement detailing each locality's responsibilities.
  - If (B) provide the section of the plan/strategy that references the project.
20. Is this project is eligible for local real property tax abatement (§ 58.1-3221) or other local incentives to encourage property re/investment? If so, please attach copies of the appropriate ordinance outlining the parameters of the abatement. If the abatement is only available in a special district, please show and label

the district on the base map.

21. Is this project is located within an Enterprise Zone (boundaries of which must be shown on an attached map) and able to qualify for State and/or Local incentives? Please list all available incentives.
22. Is this project located in a current CDBG project area?
23. Is this project is located within a special district? If so, please show the district boundaries on an attached map and attach documentation on the district. "Special districts" include:
  - a. Designated Main Street districts
  - b. Local, state or federal historic districts
  - c. Redevelopment or blight removal districts
  - d. Technology Zones
  - e. Tourism Zones
  - f. An area being addressed through Volume II Section 105.0 of the VA Uniform Statewide Building Code (under Code of Virginia Sec. 36-105). Please attach a copy of the official action that indicates which sections are enforced and who has been assigned responsibility of enforcement.
24. Does your project have committed leverage funding in excess of a 1:1 match? If so, please provide the ratio of committed leverage funding to IRF request calculation and attach commitment documentation. (*Total committed funding divided by IRF request*)

## Required Attachments

### Local Resolution and Certification:

The *Chief Administrative Officer* for the locality must sign to certify that the information in this application is accurate and correct. A sample is included in Appendix B.

A resolution must be prepared and passed by the governing body of the locality authorizing the application for Industrial Revitalization Funds for the specific property (address will be sufficient) and documenting the **specific dollar amount in IRF matching funds** from the locality and other sources. If the locality is applying on behalf of a non-profit or private for-profit entity, the resolution should document the specific match amount and indicate that it is the responsibility of that entity to come up with the match.

### Property Information

- **Property Description Sheet:** Complete one sheet per structure to be addressed using IRF. Be as quantitative and specific as possible and define any terms used by the jurisdiction for classifying the structure's physical condition ("substandard" or other such terms). A strong application will provide a clear idea of the physical need for IRF resources. Scattered site projects are ineligible. See Appendix C.
- **Photographs:** Include images of each subject property. Be sure to include enough images that show the condition of the building or approximately 10 images. Please label the images with a description. Photographs should include the following:
  - Façade and every other face that shows deterioration.
  - Interior condition.



- Situation shot to show the structure in the context of the property or within a block or street front.
- **Maps:** Include the following 8 ½ X 11 maps. **Each map** should clearly identify locality boundaries; major streets; highways (label) and the targeted property. Please use GIS where available.
  - **Base map** outlining any or all of the following in which the targeted property is located: Revenue Sharing Area; State Enterprise Zone; Technology Zone; Designated Virginia Main Street district; Local Redevelopment or Conservation District (Code of Virginia Sec. 36-49 & 36-49.1); National, State, or Local Historic District; Local Spot Blight Removal Plan (Code of Virginia Sec. 36-49.1:1); Volume II Section 105.0 of the Virginia Uniform Statewide Building Code Enforcement Area (under Code of Virginia Sec. 36-105). Please outline and explain any other type of designated area or district.
  - **Zoning map or land use map** if the locality does not have zoning.

### Match Use Chart

The intent of the IRF money is to help fill a financing gap that has prevented the re-use and/or redevelopment of vacant and blighted industrial property. As such, applicants are required to provide at least a 100 percent local match (from private or public sources). Local match greater than 100 percent will increase the application's score.

Local match must either be cash or documented costs that are directly associated with the work being done on the property where IRF funds are expended. Local match may also include federal (including CDBG), local or private funds spent on or after July 1, 2015, on activities directly related to the targeted project. Match requirements are discussed above.

Required Match Example		
Source of Matching Fund	Amount of Matching Fund	Status of Matching Fund
Industrial Development Authority	\$100,000	July 1, 2015 Resolution; Attachment A
CDBG Site Redevelopment Funds	\$450,000	July 30, 2015 Award letter; Attachment B
Industrial Development Authority	\$27,500	Staff hours will be documented on a monthly basis and submitted as part of drawdown request
Industrial Development Authority	\$50,000	Repaving parking lot, November 2015, Paid invoice, Attachment C
TOTAL	\$627,500	

### Additional Project Info

Attach as available. The more information provided at the time of application, the greater the evidence that the

project is “ready to proceed.” In addition the more information provided upfront, the sooner the project can get underway if awarded funding. DHCD may require or request further information.

- Project pro-forma; should include requested amount of IRF funding and underlying assumptions. Use loan assumptions found on page 2
- End use business plan
- Resume on developer/principals
- Financial statements within last 12 months on project principals and global cash flow statement on R/E holdings
- Latest market feasibility study/feasibility study showing demand for new use
- Proof of recent Phase II environmental
- Proof of property zoning/re-zoning or specific timeline by which that will be accomplished
- Letters of interest/term sheets from primary funder(s)
- Property Appraisal or other documentation of purchase price/property value

## SCORING

Funds will be allocated through a competitive process that will give greater priority to projects leading to the efficient and immediate redevelopment and/or reuse of abandoned “industrial” structures. Applications will be evaluated according to a scoring system and projects will be selected for funding on the basis of the higher scores in descending order until all funds are allocated. Scoring criteria and point allocation will be as follows:

Relationship to Economic Development Strategy	15%
Addressing Degree of Blight	15%
Readiness	25%
End Use Plans and Impact	30%
Distress	10%
Match	5%
<b>TOTAL</b>	<b>100%</b>

A strong application will be able to document that the project is **ready-to-go, but could not be finished without the injection of the IRF funds.**

**Successful applicants** will be **required to sign a contract/performance agreement** committing them to the economic outcomes, property use, fund use and match outlined in approved application and any pre-contract/performance agreement negotiations.

### Performance Agreements & Contractual Obligations

All applications, contracts and performance agreements are subject to negotiation with DHCD. All projects will be required to have a deed covenant/restriction or a lien for a period of 10-years that requires DHCD approval prior to any sale or change in end-use for the property. In the case of a sale to private sector entity and/or a change of use during the 10-year period, DHCD may require a pro-rated repayment of the IRF funds based on the number of years of the deed restriction remaining.

All approved projects will be committed to a project completion date of 18 months from contract execution/loan closing, by which all activities must be completed and drawdown requests/loan disbursements submitted to

DHCD/VCC. Any project that receives funding and does not use all of its designated funds by the project completion date specified in its contract/loan award may lose the remaining fund balance.

### **Substantial Project Changes after Application Submittal**

DHCD reserves the right to rescind the funding offer if substantial changes to the project scope and/or financing needs occur after application submittal. DHCD will be concerned of the impact of such on project cash flow, project timing, need for IRF funding, intent of the IRF program, and projected outcomes as outlined in the original application. To maintain consideration for IRF funding, substantial changes to project scope and/or budget will require applicants to provide DHCD with an updated description of the project including:

- Description of changes
- Updated sources & uses of funds
- Updated pro-forma
- Additional letters of interest
- Project-related commitments
- Updated management plans & operation agreements

## TIMETABLE

**How-to-Apply Workshops:** (register online at [www.dhcd.virginia.gov/irf](http://www.dhcd.virginia.gov/irf))

<b>3/16/16</b>	<b>Newport News</b>	10 a.m. – 12 p.m.	Fountain Plaza Two, Warwick Room
<b>3/24/16</b>	<b>Marion</b>	10 a.m. – 12 p.m.	Wayne C. Henderson School of Appalachian Arts
<b>4/11/16</b>	<b>Lexington</b>	1-3 p.m.	Sheridan Livery Inn & Restaurant

<b>Register your Organization in CAMS</b>	<u><a href="#">ASAP</a></u>
<b>Submittal Deadline</b>	<u><a href="#">May 19, 2016</a></u>
<b>Application Review</b>	June 2016
<b>Anticipated Award Announcement</b>	Late Summer 2016



## CONTACT

For more information on the IRF program please contact:



**Virginia Department of Housing and Community Development**

600 East Main Street, Suite 300

Richmond, Virginia 23219

(804) 371-7030



## APPENDIX A: DISTRESS SCORES

### Pre-calculated Distress Scores for Cities and Counties

Distressed Localities = 100 Application Points			
Accomack County	Emporia City	Lunenburg County	Prince Edward County
Bristol City	Franklin City	Lynchburg City	Radford City
Brunswick County	Galax City	Martinsville City	Richmond City
Buchanan County	Grayson County	Mecklenburg County	Roanoke City
Buckingham County	Greensville County	Norfolk City	Russell County
Buena Vista City	Halifax County	Northampton County	Scott County
Carroll County	Harrisonburg City	Norton City	Smyth County
Charlotte County	Henry County	Page County	Tazewell County
Covington City	Hopewell City	Patrick County	Waynesboro City
Danville City	Lee County	Petersburg City	Wise County
Dickenson County	Lexington City	Portsmouth City	
At-Risk Localities = 80 Application Points			
Appomattox County	Giles County	Staunton City	Wythe County
Bland County	Nottoway County	Sussex County	
Cumberland County	Pittsylvania County	Washington County	
Fredericksburg City	Pulaski County	Williamsburg City	
Transitional Localities = 60 Application Points			
Alleghany County	Charles City County	Hampton City	Rockbridge County
Amherst County	Charlottesville City	Isle of Wight County	Suffolk City
Bath County	Dinwiddie County	Lancaster County	Surry County
Campbell County	Floyd County	Montgomery County	Westmoreland County
Caroline County	Franklin County	Newport News City	Winchester City
Competitive Localities = 40 Application Points			
Amelia County	Greene County	Nelson County	Shenandoah County
Colonial Heights City	Highland County	Northumberland County	Southampton County
Craig County	King and Queen County	Orange County	Warren County
Essex County	Madison County	Salem City	
Attainment Localities = 20 Application Points			
Augusta County	Henrico County	Mathews County	Rockingham County
Bedford County	King George County	Middlesex County	Spotsylvania County
Botetourt County	King William County	Prince George County	Virginia Beach City
Chesapeake City	Louisa County	Rappahannock County	
Gloucester County	Manassas City	Roanoke County	
Non-Distressed Localities = 0 Application Points			
Albemarle County	Fairfax City	Goochland County	Poquoson City
Alexandria City	Fairfax County	Hanover County	Powhatan County
Arlington County	Falls Church City	James City County	Prince William County
Chesterfield County	Fauquier County	Loudoun County	Stafford County
Clarke County	Fluvanna County	Manassas Park City	York County
Culpeper County	Frederick County	New Kent County	

Sources: Virginia Employment Commission: Local Area Unemployment Statistics and US Census Bureau: Small Area Income and Poverty Estimates

## Calculations by Census Tract for Towns

Towns may opt to use the distress score of their county or choose to calculate their score themselves by Census Tract. A town will want to go with whichever method shows the greatest level of distress. Use the sources below to access data to answer the following three questions regarding distress indicators. Localities will receive points for each of the three distress measures they meet. If no distress criteria are met, the distress score will be zero out of 100 possible points.

### *Indicators of Distress for Towns*

1. **What is the town's percent of population living in Poverty?**
  - a. Source: [US Census Bureau 2014 Estimates](#)
  - b. 150 percent of the state's poverty rate is: 17.7%
2. **What is the town's median income per household?**
  - a. Source: [US Census Bureau 2013 Estimates](#)
  - b. 70 percent of the state's median household income: \$43,922
3. **What is the town's average unemployment rate?**
  - a. Source: [VEC Local Area Unemployment Statistics 2014 Estimates](#)
  - b. 150 percent of the state's average unemployment rate: 7.8%

## APPENDIX B: SAMPLE LOCAL RESOLUTION AND CERTIFICATION

### SAMPLE LOCAL CERTIFICATION

The applicant hereby assures and certifies that:

- (a) It possesses legal authority to apply for the IRF program and to execute the proposed program.
- (b) Its governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the filing of the application including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
- (c) That the information contained in the IRF application is true and correct.

Chief Administrative Official:

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Date

### SAMPLE LOCAL RESOLUTION

Be it resolved that, LOCALITY NAME wishes to apply for AMOUNT of Industrial Revitalization Funds for PROJECT TITLE for PROPOSED END USE.

Whereas LIST AMOUNTS AND SOURCES OF OTHER FUNDS will also be expended on this project, it is projected that NUMBER AND TYPE OF BENEFICIARIES will result from the implementation of the project.

Be it further resolved that CHIEF ADMINISTRATIVE OFFICIAL is hereby authorized to sign and submit appropriate documents for the submittal of this Industrial Revitalization Fund proposal.

Adopted, DATE.

Signed:  
CHIEF ELECTED OFFICIAL

Attest:  
CLERK

## APPENDIX C: PROPERTY DESCRIPTION SHEET

Please complete one form for each structure for which IRF funds will be used.

<b>Property Description Sheet</b>			
<b>Property Name:</b> (if applicable)	Click here to enter text.		
<b>Address:</b>	Click here to enter text.		
<b>Current Zoning</b>	Click here to enter text.	<b>Current Real Estate Assessment:</b> Click here to enter text.	
<b>Original/Most Recent Use:</b>	Click here to enter text.	<b>Built:</b> Click here to enter text.	<b>Vacant since:</b> Click here to enter text.
<b>Size:</b>	<b>Square footage of structure:</b> Click here to enter text.	<b>Number of floors:</b> Click here to enter text.	<b>Acreage of property:</b> Click here to enter text.
<b>Ownership:</b>	Click here to enter text.		
<b>Building materials:</b>	Click here to enter text.		
<b>Condition of:</b>			
Roof	Click here to enter text.		
Exterior Walls	Click here to enter text.		
Foundation	Click here to enter text.		
Interiors	Click here to enter text.		
Electrical/HVAC Systems	Click here to enter text.		
Plumbing	Click here to enter text.		
Windows	Click here to enter text.		
Outbuildings/ Site	Click here to enter text.		
Other descriptors	Click here to enter text.		
<b>Intended Use of IRF:</b> (See Program Design)	Click here to enter text.		
<b>Intended End Use of Property:</b>	Click here to enter text.		